

Message Text

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PAGE 01 EC BRU 12490 172104Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07
FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04 TRSE-00
LAB-04 SIL-01 OMB-01 AGRE-00 STRE-00 L-03 H-01 /053 W
----- 049272 /63

R 171900Z DEC 76
FM USMISSION EC BRUSSELS
TO SECSTATE WASHDC 2631
INFO ALL EC CAPITALS 2896

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PASS STR AND AGRICULTURE ELECTRONICALLY

E.O. 11652: N/A
TAGS: EEC, EPAP, US, IT
SUBJECT: EC CHEESE EXPORT SUBSIDIES

REF: (A) EC BRUSSELS 9189, (B) EC A-429, (C) 75 EC BRUSSELS 8972

1. DEPASCALE (DG I) CALLED IN MISSION OFFICER TO ADVISE THAT THE DAIRY MANAGEMENT COMMITTEE HAD JUST APPROVED INCREASES IN SUBSIDIES ON CERTAIN CHEESE EXPORTS TO THE UNITED STATES. HE INDICATED THAT THIS INFORMATION SHOULD BE TREATED AS STRICTLY CONFIDENTIAL; THE INCREASES IN SUBSIDIES WILL GO INTO EFFECT ON DECEMBER 21. HE SAID THAT THERE HAD BEEN NO RE-INTRODUCTION OF SUBSIDIES REMOVED AS A RESULT OF US-EC NEGOTIATIONS.

2. DEPASCALE SAID THAT AN INCREASE IN EC CHEESE EXPORT SUBSIDIES HAD BECOME NECESSARY BECAUSE OF:

- A. THE DEVALUATION OF THE DOLLAR;
 - B. INCREASES IN EC MARKET PRICES OVER THE PAST YEAR AND A HALF DUE TO INCREASES IN EC DAIRY
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SUPPORT PRICES;
C. THE RECENT DECLINE IN US MARKET PRICES. HOWEVER, HE SAID THAT THE INCREASES PROPOSED BY THE COMMISSION HAD TAKEN ONLY THE FIRST TWO ELEMENTS INTO ACCOUNT. HE SAID THAT, FOR THE MOST PART, THE INCREASED SUBSIDIES WOULD STILL BE LOWER

THAN THOSE IN EFFECT ON SEPTEMBER 16, 1975.
 (THERE HAVE BEEN SEVERAL REDUCTIONS IN SUBSIDIES
 SINCE THEN.) IN THE CASE OF CERTAIN ITALIAN CHEESES,
 HOWEVER, THE NEW SUBSIDIES WOULD BE HIGHER THAN
 THOSE IN EFFECT AS OF SEPTEMBER 16, 1975. (WE NOTE ALSO THAT THE
 NEW SUBSIDY ON "PROCESSED CHEESE" IS HIGHER.) HE SAID THAT
 THE INCREASE IN THESE SUBSIDIES WAS A GESTURE
 TO THE ITALIANS, REFLECTING THE VERY LARGE SPREAD
 BETWEEN HIGH ITALIAN MARKET PRICES AND THE US PRICE,
 BUT THAT IT WOULD BE OF NO COMMERCIAL SIGNIFICANCE,
 I.E. IT WOULD NOT COME CLOSE TO COVERING THIS GAP.

3. THE NEW SUBSIDY RATES ARE SHOWN BELOW FOR MOST
 OF THE CHEESES AFFECTED; SUBSIDIES NOW IN EFFECT AND
 THOSE IN EFFECT ON SEPTEMBER 16, 1975 ARE SHOWN FOR
 PURPOSES OF COMPARISON. READERS SHOULD REFER TO A
 PREVIOUS EXPORT SUBSIDY RESTITUTION REGULATION, SUCH AS COMMISSION
 REGULATION NO. 2253/76 (REF B), FOR A MORE PRECISE
 PRODUCT DESCRIPTION.

		SUBSIDY RATE (U.A. /100 KG)		
DESCRIPTION	CODE NUMBER	NEW	CURRENT	AS OF 9/16/75
BLUE-VEINED				
CHEESE	4000 00	22.38	7.00	30.54
PROCESSED				
CHEESE	4410 10	14.58	9.00	10.73

(THE COMMISSION INDICATED THAT COMPARABLE INCREASES WERE
 MADE IN OTHER CATEGORIES OF PROCESSED CHEESE, CODE NUMBERS
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4410 20 - 4610 00)

GRANA,				
PARMIGIANO	4710 11	71.50	56.50	55.27
FIORE SARDO,				
PECORINO	4710 16	82.50	67.50	57.27
OTHERS-LESS				
THAN 47 PERCENT				
WATER CONTENT	4710 21	71.50	56.50	55.27
ASIAGO, ETC.	5120 31	67.00	49.50	45.81
DANBO, GOUDA,				
ETC.	5120 44	18.60	3.20	29.64
BUTTERKASE ETC.	5120 54	16.70	3.20	29.01
CANTAL	5120 58	23.11	6.60	39.19
SALTED RICOTTA	5120 59	16.00	10.00	18.71
OTHER, 47-52				
PERCENT WATER				
CONTENT	5120 86	43.08	38.00	45.81

OTHER, 52-62

PERCENT WATER

CONTENT	5120 91	18.60	3.20	29.64
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OTHER, GRATED

OR POWDERED	5310 10	20.00	15.00	23.40
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5310 21	25.00	20.00	29.30
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5310 30	30.00	25.00	35.00
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4. DEPASCALE SAID THEY HAD CALCULATED THAT IF ALL
THREE FACTORS IN PARAGRAPH 2 WERE TAKEN INTO ACCOUNT
THE SUBSIDY ON BLUE CHEESE (CODE NUMBER 4000 00) WOULD
HAVE BEEN SET AT 51.00 U.A./100 KG. WHILE THAT ONE
GOUDA CHEESE (CODE NUMBER 5120 44) WOULD HAVE BEEN
SET AT 46.00 U.A./100 KG. HINTON

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Message Attributes

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Disposition Action: RELEASED
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Disposition Authority: morefirh
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Margaret P. Grafeld
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To: SECSTATE WASHDC ALL EC CAPITALS 2896
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